

**MEMORANDUM**  
**(March 26, 2008)**

TO: Ben Durant, Chief Financial Officer

CC: Tony McDowell, Budget Manager

FROM: Sandy Bumgarner, Budget Analyst

RE: Outside Agency Staff Analysis

The City of Asheville received 23 outside agency grant applications for FY 2008-09. The total amount requested is \$660,000. Three of the agencies (ARC of Buncombe County, Mountain BizWorks, and Pack Square Conservancy) are first-time applicants. The attached spreadsheet provides detail on the funding requests, as well as a five-year history of Outside Agency funding.

To assist the Revenue & Finance Committee in making funding recommendations, staff reviewed and analyzed each application, focusing on five core factors:

- 1) **Mission Alignment:** Applications were reviewed to determine if the agency's mission is directly related to one of the City's core service areas: public safety; cultural affairs & recreation; economic & community development; and transportation & environmental services or one of City Council's 2008-09 Strategic Operating Focus Areas by which Asheville will be a city that is Affordable, Green, Safe, and Sustainable. It is important to note that this process directly supports the Sustainable focus area under the action item: explore current funding policies for non-profit organizations.
- 2) **Goals & Objectives:** Applications were reviewed to determine if the organization has meaningful, outcome-oriented goals/objectives, and whether the organization is achieving those goals/objectives.
- 3) **Use of Funds:** Staff reviewed each application to determine if funds were being requested to fund general operating costs or to support specific programs or projects. The City's Outside Agency policy gives preference to agencies requesting support for specific programs or projects.
- 4) **Financial Stability:** Staff examined each agency's audited financial statements in order to evaluate the adequacy of the agency's financial resources. Based on the financial statements, staff calculated a "current ratio" (current assets divided by current liabilities) for each agency. The current ratio is a measure of the cash or near cash position of the agency. This ratio indicates whether an agency has enough cash to pay its bills over the next year. A desirable current ratio is something greater than one. A current ratio of one means that an agency has \$1 in current assets for every \$1 of liabilities, and so on. In short, any ratio above one means the organization can pay its bills.
- 5) **Administrative Expense Ratio:** Each agency's audited financial statements were examined to determine the percentage of funding spent on general administrative

expenses versus the amount spent on programs. Generally, it is desirable for an organization to spend 25% or less of its budget on administration. Anything higher than 25% may indicate that too high a portion of the budget is spent on administration rather than programs.

### **Asheville Area Arts Council**

The Asheville Area Arts Council (AAAC) is the primary focus of arts activity, programming, education & advocacy in the greater Asheville area and is committed to promoting the integration of the arts into all aspects of community life. The AAAC's mission is directly related to two City core service areas: cultural affairs & recreation and economic & community development. The AAAC also supports Council's Sustainable focus area as an institution related to economic development. The AAAC currently receives \$12,500 from the City and is requesting \$50,000 for next year to support the Arts-In-Education Program curriculum and to hire a part time Urban Trail guide and provide an office for this position.

The AAAC has demonstrated success in achieving its goals and continues to develop outcome oriented goals and objectives.

*Areas of note:* The Arts Council has a low current ratio of .158, which means they only have \$.16 to cover every dollar in liabilities. Their administrative expense ratio is high (64.5%) and indicates that over half of their expenses are related to overhead costs as opposed to direct programs. They also ended FY 2006-07 with a 5.7% deficit.

### **Asheville Art Museum**

The Asheville Art Museum's mission is to collect, preserve, and interpret 20<sup>th</sup> and 21<sup>st</sup> century American art with a focus on work of significance to the Southeast. Attendance continues to increase and plans for expansion of the Museum's Pack Place location are underway. In FY2007-08, the City awarded the Museum \$5,000 in outside agency funds, which was used toward architect fees for the schematic design phase of the planned expansion. Now into the next phase, the Museum is requesting \$50,000 for architectural planning expenses, which will include a current condition assessment, various specialty consultant fees, and an energy analysis. The Museum also requests that the City consider contributing \$3 million overall to the expansion project as it relates to infrastructure needs in the downtown area.

The Art Museum's mission supports the City's cultural affairs & recreation and economic & community development core areas as well as the Sustainable focus area.

*Areas of note:* For FY 2005, the Museum had an acceptable administrative expense ratio of 26.5%. The current ratio could not be calculated as assets and liabilities were not included in the provided information. It is not possible to assess the Museum's current financial status without this ratio and more recent financial statements. The FY2006-07 audit is underway and will be turned in when completed.

### **The Arc of Buncombe County**

Through advocacy, education, and development of programs, the Arc of Buncombe County works to empower persons with mental retardation/developmental disabilities and their families

to realize their highest potential. The Arc conducts several programs that work toward its mission and is requesting \$6,000 in City funds to support its Housing & Crisis Intervention program. This program assists clients in attaining “independent”, stable living conditions, which supports the City’s public safety core area and is aligned with Council’s focus areas to make Asheville Affordable and Safe.

For the upcoming fiscal year, The Arc has clear and meaningful goals and plans to continue its collaborative efforts with other organizations in the area. The Arc ended the 2007 fiscal year with a high current ratio of 28.2. This is the first time The Arc has applied for Outside Agency funds.

*Areas of note:* The Arc’s program related expenses were not specified in the financial statements, so it was not possible to determine the administrative expense ratio.

### **Child Abuse Prevention Services, Inc. (CAPS)**

Child Abuse Prevention Services (CAPS) works to increase awareness and reduce/prevent child abuse, strengthen families, and assist abused children and families through prevention/personal safety education, parenting education, and counseling. In FY 2006-07, they reached over 7,500 children, 300 childcare providers, including all Head Start staff, and 150 families. They are requesting \$10,000 to be used for general operating support for take home materials for parents, mileage to schools and daycare centers, parenting education, and counseling for non-offending parents support groups. They do not currently receive any City funds.

CAPS has clear, defined goals and has outlined steps to achieve them. This program is related to two core service areas: public safety and economic & community development. It also aligns with Council’s Safe and Sustainable focus areas by enhancing public safety and via CAPS’ partnership with Buncombe County Child Care Services and other agencies. CAPS has a good current ratio of 5.2 and a low administrative expense ratio of 16.7%.

*Areas of note:* CAPS provided a comprehensive application and meets all of the City’s requirements for funding. The only area of note is that CAPS finished FY 2006-07 with a 14.7% deficit.

### **Children First Project (MARCH)**

The purpose of the Children First Project is to improve the lives of children, youth and their families through community collaborations, advocacy, and programs. Currently, they receive \$22,500 from the City and are requesting \$40,000 for next year. The funding would be used toward general operating costs associated with the program, which supports the public safety, cultural affairs & recreation, and economic & community development core service areas of the City. Through collaborations with Buncombe County Schools as well as other organizations, Project MARCH also supports the focus areas to make Asheville a Safe and Sustainable community.

Children First has a high current ratio of 24.9 and a low administrative expense ratio of 11%, meaning almost 90% of their expenditures are programs related. Children First has demonstrated the ability to meet its goals even during the staffing and operational changes and streamlining that have occurred this fiscal year.

*Areas of note:* Children First provided detailed goals and objectives but no strategies on how to achieve them.

### **Asheville Buncombe Community Relations Council**

The mission of the Asheville Buncombe Community Relations Council is “We are people helping people develop mutual respect and eliminate discrimination in our community”. The City is obligated to have a program of this type in place in order to receive CDBG funds, and the Community Relations Council performs this service on the City’s behalf. The Council currently receives \$50,000 from the City and is requesting \$80,000 for FY 2008-09. Funds from the City’s general fund would be used to pay general operating and staff costs (\$50,000) and for a new Fair Housing Program, which would conduct programming into the Latino and Slavic Communities (\$30,000).

The Community Relations Council contributes to public safety and the focus areas to make Asheville Affordable and Safe.

*Areas of note:* No clear steps of how to achieve some of the goals are provided. For example, for the goal of promoting inclusiveness, one of the steps to be taken is to increase involvement in the faith community. This section is an area of opportunity to state what programs or actions are planned instead of listing more goals. Also, no audit was provided.

### **Asheville-Buncombe Education Coalition**

The Asheville-Buncombe Education Coalition is a group of 21 youth-serving organizations whose purpose is to help close achievement gaps, reduce dropout numbers and increase the graduation rates of public school students who have been identified by their teachers as needing extra support to succeed academically. The Coalition works toward its mission through mentoring and academic coaching to public school students. This mission is aligned with the City’s economic & community development core area as well as the Safe and Sustainable Council focus areas. Funding of \$20,000 is being requested for general operating support. Currently, the Coalition receives \$10,000 in Outside Agency funding.

The Education Coalition demonstrates continued achievement is reaching its goals. For the upcoming fiscal year, the Coalition has developed meaningful goals and strategies as well as performance measurements. The Coalition has an acceptable administrative expense ratio of 28.3% and a high current ratio (10.1), meaning they could cover liabilities 10-to-1.

*Areas of note:* The Education Coalition ended FY 2006-07 with a 41.9% deficit.

### **Asheville-Buncombe Economic Development Coalition**

The Economic Development Coalition (EDC) is a public-private partnership that strategically recruits companies that will strengthen existing industries and serves as a “one-stop shop” for services needed by business leaders who are expanding, creating, or relocating businesses within Buncombe County. In the mid-1990s when the EDC was created, the City provided funding in the amount of \$50,000 annually and attained a seat on the EDC’s board. No City funds have been provided since Fiscal Year 2001-02.

For next year, the EDC is requesting funding of \$50,000 for general operations. The EDC has demonstrated success at achieving its goals. These goals are outcome oriented and are directly related to the Council's Sustainable focus area as it suggests developing a full partnership with the EDC. The EDC also supports the economic & community development core service area. For fiscal year 2007, the Chamber of Commerce, which houses the EDC, reported an acceptable current ratio of 1.5.

*Areas of note:* The Chamber of Commerce had a high administrative expense ratio of 40.8% for FY2006-07. Also, the EDC did not provide a formal application.

### **Homeward Bound of Asheville**

Homeward Bound's mission is "working with people to break the cycle of homelessness". Specifically, Homeward Bound provides programs that offer day and overnight shelter, service-enriched supportive housing, and community involvement and focus on homeless or near-homeless individuals with extremely low incomes. The A HOPE Day Center remains the only program of its kind in the State, combining outreach, day center services, and a Safe Haven Shelter in the same building. The A HOPE Day Center received \$20,000 of City funds in FY 2007-08, and they are requesting \$20,000 for next fiscal year. These funds will be used to cover expenses associated with Saturday services at A HOPE.

Homeward Bound's mission is aligned with the City's public safety and economic & community development core areas, and it supports Council's Affordable and Safe focus areas. Homeward Bound had a high current ratio of 3.94 and a low administrative expense ratio of 18.4%.

*Areas of note:* Homeward Bound provided a clear and comprehensive application. The only potential area of note is that administrative expenses almost doubled from 2006 to 2007. However, funds for programs also went up significantly.

### **Kids Voting Buncombe County**

The mission of Kids Voting Buncombe County is to secure the future of democracy by educating and involving youth in the electoral process today. Specifically, Kids Voting provides K-12 civics education curriculum and the opportunity for students to participate in the voting experience on Election Day. Currently, Kids Voting receives \$1,000 from the City and is requesting \$3,000 for next year for staff support.

By partnering with Buncombe County schools and other associations, Kids Voting is related to the Sustainable Council focus area. Its mission also supports the City's economic & community development core area.

*Areas of note:* Kids Voting finished FY 2005-06 with a 14.7% deficit and spent almost all of its funding on administrative expenses (92%). While Kids Voting had a high current ratio (1,582), the provided financial statements are from FY 2005-06 and are unaudited as they only participate in a review process (not an audit) due to budget constraints.

### **Literacy Council of Buncombe County**

The mission of the Literacy Council is to improve adult basic education & English language skills through one-on-one and small group instruction provided by trained volunteer tutors. By providing employment-training opportunities through increasing the reading and English language skills of local adults, the Literacy Council supports the City's economic & community development core area and Council's Sustainable focus area. The Literacy Council is seeking \$5,000 for next fiscal year for costs associated with an 80-hour Adult Basic Education tutor training course that will provide instruction to the Council's volunteer tutors. The Literacy Council does not currently receive any City funds.

The Literacy Council has outcome oriented goals and well-defined strategies to achieve those goals. It finished FY 2007 with a high current ratio of 19.9.

*Areas of note:* The Literacy Council had a high administrative expense ratio of 49%, meaning that almost half of their budget is spent on non-program related expenses.

### **Mountain BizWorks**

Mountain BizWorks' mission is to build economic opportunities through business development and capital. Specifically, it offers small business training to people in the area to assist in overcoming difficulties associated with starting or expanding a business. These programs place particular emphasis on low-income individuals, women, rural residents, African Americans, Native Americans, and the un- and under-employed. Mountain BizWorks is a first time applicant for Outside Agency funding and is requesting \$100,000 to purchase an office space in Downtown Asheville for relocation due to the sale of its current rental space.

Mountain BizWorks' mission is aligned with the economic & community development core area and the Sustainable focus areas. For fiscal year ending December 31, 2006, the agency had a high current ratio (10.7) and an acceptable administrative expense ratio (19.1%).

*Areas of note:* The audit provided by Mountain BizWorks showed several findings in FY 2006. Most of these related to improper record keeping or the mis-classifying or documenting of expenses. They also finished FY 2006 with a 32.7% deficit. No recent audit was provided.

### **The Mediation Center**

The mission of the Mediation Center (The Center) is to promote collaboration, communication, and peaceful conflict resolution by providing quality, impartial mediation and visitation services, educational programs, and group facilitation. The Center is requesting \$25,000 for equipment and operating costs associated with the Resources Helping Youth Manifest Empowerment (R.H.Y.M.E.) project. This project will serve area youth with activities and programming focused on character-building, self-expression and interpersonal communication, and academic reinforcement and vocational skill-building. Currently, The Center receives no funding from the City.

The Mediation Center has a good administrative expense ratio (24.5%) and current ratio (9.9). It's mission as well as the R. H.Y.M.E. project support the City's core areas of public safety,

culture & recreation, and economic & community development. They are also aligned with the Safe and Sustainable focus areas.

*Areas of note:* During the current fiscal year, The Center has had to reduce staff and vacate its county provided office space of 10 years, which resulted in an 18% agency expense increase. While The Center has met and exceeded its objectives during these changes, transitions can be difficult and potentially lead to instability.

### **Meet the Geeks**

Meet the Geeks is a volunteer-driven organization that seeks to build and support the IT community throughout western North Carolina. Currently, they receive \$3,000 from the City for general operating purposes and have been successful at achieving their FY 2007-08 goals. They are requesting \$20,000 for next year for existing programs support and to focus on infrastructure and maturity as an organization. Meet the Geeks' mission is directly related to the City's core service area of economic & community development and to Council's Sustainable focus area.

Meet the Geeks has outcome oriented goals with well-defined strategies to achieve them. The provided balance sheet shows zero liabilities as of December 31, 2007, and therefore, a good financial status.

*Areas of note:* Meet the Geeks does not participate in an audit process due to budget constraints. The only financial statement provided was a balance sheet of limited detail. From the current year and projected FY 2008-09 budgets, most expenses (94.5%) are administrative in nature. With no other financial information, it is not possible to evaluate their financial status.

### **North Carolina Stage Company**

The mission of the North Carolina Stage Company (NCSC) is to enrich the cultural life of western North Carolina by providing a year-round professional theater season with a focus on classical plays and developing future theatergoers through arts education programs. NCSC is requesting \$10,000 to fund its professional mainstage productions, staff to implement a pioneering project, and the implementation of a community-wide marketing and branding initiative plan. NCSC's mission is aligned with two City core service areas: cultural affairs & recreation and economic & community development. The NCSC also relates to the Sustainable Council focus area as it is a group that contributes to economic development.

NCSC has a high current ratio of 54.8. It has demonstrated the ability to meet goals and have solid plans for next year's goals. Currently, NCSC does not receive funds from the City.

*Areas of note:* The financial statements provided are unaudited and do not specify administrative costs versus program costs. Therefore, it is not possible to compute the administrative expense ratio. NCSC does not participate in an audit process due to budget constraints. While an audit is important, staff recognizes a lack of funding as a valid reason for not presenting an audit.

### **One Youth At A Time**

The purpose of One Youth at a Time (OYAAT) is to provide mentoring/tutoring, guided growth activities, job training and placement assistance to the at-risk and critically at-risk youth

population ages 8-18 and 14-19. OYAAT currently receives \$7,000 in support from the City and is requesting \$10,000 for next year. This funding would go toward general operating expenses.

OYAAT's mission is directly related to the City's public safety and economic & community development core service areas as well as the Safe and Sustainable Council focus areas. During FY 2006-07, OYAAT was successful at reaching its goals and finished the year with a high current ratio of 27.0.

*Areas of note:* For FY 2006-07, OYAAT has a high administrative expense ratio (95.6%), and its financial statements were unaudited. Also, while OYAAT provides a meaningful service, the strategic plan was basically a list of goals instead of detailed steps on how to reach the goals of the coming year.

### **Pack Square Conservancy**

The mission of the Pack Square Conservancy is to fulfill the vision of Pack Square and City-County Plaza as a vibrant town square and public park, providing citizens of and visitors to the region with a social, economic and cultural center that celebrates the area's unique character. Once completed, Pack Square Park will provide a place for organized activities and the only significant open green space in the downtown area.

Pack Square Conservancy is a first time applicant and requests \$50,000 for construction of the main stage at Pack Square Park. The Conservancy's mission supports four City core areas: economic & community development, cultural affairs & recreation, environmental services and public safety. Additionally, the Conservancy is related to Council's Green focus area as it suggests supporting the maintenance and operations of Pack Square Park.

In FY 2005-06, the Conservancy had a high current ratio of 59.9.

*Areas of note:* The financial statements provided were from 2006 and were not audited as the Conservancy only participates in a financial review process (not an audit). It is not possible to assess the Conservancy's current financial picture since the 2007 review is not completed at this time. The administrative expense ratio shown in the 2006 statements was high at 60.3%, and the Conservancy's income far exceeded its expenses in that year (+\$240,353).

It is unclear if funding is the reason as to why the Conservancy does not participate in an audit process. However, given the Conservancy's level of income, it seems that an audit would be feasible.

### **Quality Forward**

Quality Forward is a volunteer-based organization working to enhance the environment and quality of life through awareness building, community activities, and partnerships with other organizations. Through its work, Quality Forward supports the Council focus area to make Asheville Green. Its mission also aligns with the transportation & environmental services core area.

Quality Forward's goals are clear, and each demonstrates a partnership with individuals or groups empowering them to improve the community. Quality Forward has a high current ratio of 76.3 and a good administrative expense ratio of 24%. Funds are requested in the amount of



\$15,000 for next year for general operations to pursue a clean and green Asheville and Buncombe County. Quality Forward's current appropriation is \$10,000.

*Areas of note:* The proposed budget for FY 2008-09 shows a surplus that is just above the amount they are requesting from the City.

### **Buncombe County Rescue Squad**

The mission of the Buncombe County Rescue Squad (BCRS) is to provide excellent quality and efficient emergency medical and rescue services to the people of Asheville and Buncombe County. Services provided by BCRS include Emergency Medical Service through ambulance transport, swift water rescue, mutual aid fire response, and a medical response bike team, which has served events such as Bele Chere.

The BCRS supports the public safety core area and the Safe Council focus area. BCRS previously received funding from the City in the late 1990s and is requesting \$50,000 for the construction of a kitchen, installation of a ceiling to meet fire codes and furniture for its renovated facility.

*Areas of note:* The audited financial statements provided were from FY 2005-06. Unaudited statements were provided for FY 2006-07 and showed a low current ratio (.65). Administrative expenses were not separated from program costs; therefore, the administrative expense ratio could not be determined.

### **United Way's 2-1-1 of Western North Carolina**

The United Way's 2-1-1 program is a free community service information line that connects people to resources in Buncombe, Henderson, Madison, and Transylvania Counties. 2-1-1's mission is to strengthen our community by helping people improve their lives and care for one another." To achieve this mission, the information line is open 24 hours a day, 365 days a year, and callers can receive assistance on a wide range of needs, spanning immediate crisis to more everyday situations.

2-1-1 supports the City's mission in each of its core service areas and is also linked to the focus areas to make Asheville Safe and Sustainable.

2-1-1 currently receives \$5,000 from the City and is requesting \$10,000 for next year for operational components, including phone and computer systems, salaries, training and marketing. The United Way has a good administrative expense ratio of 13.0%.

*Areas of note:* United Way's current ratio is low (.83) suggesting that they only have \$.83 per \$1 of current bills.

### **YMI Cultural Center**

The YMI Cultural Center's core mission is to serve as an "educational forum" that: 1) supports awareness of the African American cultural heritage; 2) provides a center for encouraging contemporary culture and artistic expression; and 3) recalls, reclaims, and retells the unique Southern Appalachian African American experience. Funds in the amount of \$16,000 are

requested for next year to fund its Development Director position for an additional four months in order to continue expanding development efforts (\$6,000), and to partially fund two market research studies: a black cultural heritage market analysis and a YMI identity study (\$5,000 for each). YMI does not currently receive Outside Agency funds from the City.

The YMI Cultural Center has an acceptable administrative expense ratio of 26.8%, which means most of its expenses go toward program costs. Its mission is aligned with the cultural affairs & recreation City core service area and can be linked to the Sustainable focus area by some of its programs.

*Areas of note:* YMI had a low current ratio (.24) in FY 2005-06 when the financial audit was conducted. The unaudited profit & loss statement for FY 2006-07 shows that YMI finished that fiscal year with a 14.1% deficit.

### **YWCA of Asheville and Western North Carolina**

The YWCA of Asheville provides housing for women coming into the City for education and employment by providing programs that help bridge the disparity gap for women and minorities, specifically in the areas of health and wellness, education, and income. This mission relates to the City's core service area of economic & community development and supports the Affordable and Sustainable Council focus areas.

The YWCA currently receives \$10,000 from the City and is requesting \$15,000 for next year. Any funding received by the City will help the YWCA reduce summer fees so that more students can be enrolled in the Support our Students (SOS) program 10 hours per day for the entire summer. SOS targets 6<sup>th</sup> – 10<sup>th</sup> graders who need help avoiding juvenile crime, delinquency, and gang involvement.

The YWCA is in the process of developing a new strategic plan. It finished last fiscal year with a high current ratio (4.7) and a low administrative expense ratio (13.2%).

*Areas of note:* No strategic plan or overall goals were provided; however, good goals, objectives and measurements were provided for the SOS program.

### **City of Asheville Housing Authority—Youthful HAND After School Program**

The mission of the Youthful HAND (YH) program is to make available to low-wealth children the opportunity to succeed and prosper by providing educational support so that all can reach their fullest potential and grow up to become productive citizens in the community. YH is requesting \$5,000 to be used to purchase 5 laptop computers to be used in a new "Inquiry Based Learning" project. Currently, YH receives \$5,000 in City funds.

YH's mission is related to the City's economic & community development core service area as well as to the Safe and Sustainable focus areas. YH has developed projects and goals for the future that keep up with technology and will prepare participants for the 21<sup>st</sup> century, while maintaining a flat budget, including salary costs.

*Areas of note:* While YH had a low administrative expense ratio (17.2%) and a high current ratio (4.6), the financial audit provided was from fiscal year 2006. However, an unaudited statement for FY 2006-07 suggests they remain in good financial condition.